Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of:	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
	)	
A National Broadband Plan for Our Future	)	GN Docket No. 09-51
	)	
Establishing Just and Reasonable Rules for Local	)	
Exchange Carriers	)	WC Docket No. 07-135
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Developing an Unified Intercarrier Compensation	)	
Regime	)	CC Docket No. 01-92
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link-Up	)	WC Docket No. 03-109

NOTICE OF PROPOSED RULEMAKING AND FURTHER NOTICE OF PROPOSED RULEMAKING

REPLY COMMENTS OF

ALEXICON TELECOMMUNICATIONS CONSULTING

Alexicon Telecommunications Consulting ("ALEXICON") hereby submits its Reply Comments in response to the Federal Communications Commission ("FCC" or "COMMISSION") Notice of Proposed Rulemaking[1] ("Notice" or "Proposal"), for which Comments were due April 18, 2011. Alexicon's reply comments will focus primarily upon matters contained in various parties' Comments.

[1] FCC 10-90, Adopted February 8, 2011 and Released February 9 , 2011.

INTRODUCTION

Alexicon provides a range of professional management, financial and regulatory services to a variety of small rate-of-return Incumbent Local Exchange Carriers ("ILECs)[2] who serve diverse geographical areas characterized by rural, insular or Native American Tribal Lands. These ILECs, similar to most other small rate-of-return regulated ILEC's, currently provide a wide range of technologically advanced services to their customers. In addition, through participation in various State and Federal high cost funding programs, and with their continued investment in network infrastructure, these small ILECs are providing customers in rural, insular and Tribal lands with services equal to or greater than urban areas, and at comparable pricing. These ILECs are committed to providing their customers with innovative solutions, by adapting technologies that fit rural America, including Broadband and IP-enabled services. The stated and implied purposes of, and the issues raised in, the NPRM and the Comments to this proceeding are of particular import to our clients who are all highly dependent upon Universal Service Funding to recover the higher cost of providing services to their customers, compared to larger, more urban service providers.

Alexicon's clients range in geographic size from very small single wire-center companies to larger providers with multiple wire-centers. All of Alexicon's clients are dependent upon the flow of funds from the Federal High-Cost Universal Service Fund ("USF") to assist in serving their rural customers at reasonable rates for local exchange and access services. Most of Alexicon's client companies are also contributors to the USF fund.[3] All provide their consumers with an assortment of modern telecommunications services, including (but not limited to) voice, wireless, broadband and Internet access availability. These companies generate a large part of their revenues from intercarrier charges, mostly in connection with switched access and special access charges paid by interconnecting interexchange carriers. These charges are classified as either interstate (usually rates charged based upon individual tariffs or as filed by the National Exchange Carrier Association ("NECA")), or intrastate (rates based upon various state-specific tariff(s)) in nature.

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[2] As defined by the Telecommunications Act of 1996 ("ACT")

[3] Consistent with Section 254 (d), 47 U.S.C. 151, with the exception of any ILEC whose contribution(s) qualifies for the *de minimus* exemption.

It is through the use of the high-cost USF funds that these ILECs, and many similarly situated ILECs, have been able to provide their customers (in rural and often insular locales) with modern telecommunications services comparable to urban areas at rates lower than they otherwise would be charged without the availability of high-cost USF funding. The ability of small ILECs to partake of high-cost USF funding is not only pursuant to the 1996 Telecommunications Act ("Act") but has also acted as a major incentive toward the financial community (local, state, federal, etc.). USF funding has provided these ILECs with the continued stability to attract sufficient financial resources to maintain and improve customer services and their connectivity to the Public Switched Telephone Network ("PSTN"). The suggested shift from rate-of-return ("RoR") regulation to incentive-based regulation has raised concerns with financial institutions such as CoBank.[4] Furthermore, uncertainty created by this NPRM and previous proposals including the National Broadband Plan[5] have had the unfortunate effect of stifling lending and continued investment in rural broadband, in direct contrast to the goals of the Commission.[6]

Alexicon believes that it is important to note that small ILECs receiving existing high-cost USF funds are fulfilling the 1996 Act objectives of providing "Quality services.… available at just, reasonable, and affordable rates"[7] using the funds received. Based upon analyses run by Alexicon and included in our initial comments to the NPRM (filed April 18th, 2011), we also know USF funding is not only critical for the viability of these companies but also essential for maintaining comparable rural telecommunications services at affordable prices.

Additionally, Alexicon notes that all ILECs receiving high-cost USF funding are subject to compliance with FCC Rules; in-depth review and conformity with those rules; and related review of fund distribution amounts by the National Exchange Carrier Association ("NECA"), Universal Service Administration Company ("USAC"), and other various state and federal regulatory (and auditing) authorities. These agencies ensure that the high-cost funds are correctly being received by and distributed to ILECs.

[4] Comments of CoBank April 18, 2011 pp 6
[5] Reference NBP at pp 147
[6] Reference NPRM ¶ 1
[7] The Act, Section 254 (b) (1).

Finally, the fact that fund recipients are also required to annually certify that they are utilizing the high-cost USF funds "for the provision, maintenance, and upgrading of facilities and services for which the support is intended"[8] further ensures regulators, fund contributors, and others that consumers are getting the maximum benefit(s) of the high-cost USF received by their serving carrier.

REPLY COMMENTS

[8] Section 254(e)

I. NEITHER REVERSE AUCTIONS NOR MARKET-BASED INCENTIVES ARE VIABLE OPTIONS

Several commenters continue to support reverse auctions as a viable means to distribute Universal Service Funds. Alexicon disagrees, and would note that while large carriers and cable providers offer support for this concept, a common element in this support is that they get to pick which customers they will not serve.[9] An underlying principle that has always come with the privilege of support is the obligation to serve. Competitive providers resist this obligation[10] and some carriers go further to suggest they be relieved of the obligation to serve.[11] The Commission has noted Section 214(e)(3) has yet to be invoked.[12] Under the reverse auction proposal, it seems likely that this section must be tested. It is also unclear how permitting carriers to redefine service areas to include only the least expensive customers would advance the principles of universal service in any way.

As noted by the State Members of the Federal State Joint Board, the NPRM also fails to address what would happen to the incumbent carrier, and their customers, in the event that support for a portion of their service territory is awarded to another provider.[13]Alexicon would reiterate here that the large carriers supporting this concept advocate release from obligations to serve, which would support our contention that they would have a strong incentive to 'lose' the auctions and exit these markets.

The State Members have also expressed concerns that "grants will supplant private capital, that grants will impose external costs on other portions of the network, that census blocks are not appropriate units for auctions and that auctions cannot be conformed to the requirements of the 1996 Act involving designation of Eligible Telecommunications Carriers.[14] Further muddying the waters is the proposal to distribute funds to non-ETC's. There is much in the record showing why this is not a legal option[15] and we will not repeat it all here, other than to concur with the

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[9] Comments of Time Warner Cable at pp23; AT&T at pp55; Comcast at pp18
[10] Comments of Time Warner Cable at pp23; CTIA at pp 31-32
[11] Comments of AT&T at pp62, Verizon at pp65
[12] NPRM ftn 151
[13] Comments of State Members of the Federal State Joint Board on Universal Service pp 86
[14] Comments by State Members of the Federal State Joint Board on Universal Service page iv
[15] See generally Comments of NARUC; Comments of the Federal State Joint Board on Universal Service at pp87-89, Comments of Rural Telecommunications Carriers Coalition at pp8-11, Blooston Rural Carriers at pp 18-23

commenters that Congress, through the Act, limited the Commission's ability to distribute USF only to 'eligible telecommunications carriers'.[16] It appears even supporters of the concept differ significantly from the NPRM proposals with the exception of not having the obligations currently associated with common carriers imposed. The conclusion of State Members is that "the real impact of auctions is more likely to be declining service quality and unfairness to States that have taken early action to promote broadband".[17]

The problem of reverse auctions is magnified by the concerns of the very financial institutions that may be asked to fund these projects. In its April 18, 2011 Comments[18], CoBank "expressed its reservations about reverse auctions due to concerns about the ability to finance and maintain the rural broadband backbone without a stable, consistent source of cost recovery."[19]

II. THE PROPOSAL TO RAISE RATES ON RURAL END USERS TO REPLACE UNIVERSAL SERVICE FUNDS IS IN DIRECT CONFLICT WITH THE ACT

Several commenters[20] have supported the NPRM proposal[21] that somehow the answer to Broadband Universal Service is to raise rates paid by end users. Much attention has been paid to section 254(b)(1) of the Act, which states:

"Quality services should be available at just, reasonable, and affordable rates".

This is an important and fundamental principle of universal service, and the question of affordability is of paramount importance. However, less attention has been given to Section 254(b)(3), which states:

"Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services,

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[16] 47CFR54.201(a)
[17] Comments by State Members of the Federal State Joint Board on Universal Service page iv
[18] Comments of CoBank April 18, 2011, Page 7
[19] Comments of CoBank April 18, 2011, Page 7
[20] Verizon at pp19; AT&T at pp30; Time Warner Cable at pp7
[21] NPRM ¶574

that are reasonably comparable to those services provided in urban areas ***and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas***."(emphasis added)

The principle of "reasonably comparable rates" is as fundamentally important a touchstone as affordability. Congress was clear in its intent that the rural users of telecommunications and information services would be provided that access not merely at affordable rates, but at reasonably comparable rates to their urban counterparts.

<u>Intercarrier Compensation Revenues Cannot Be Shifted to Rural End Users</u>

There is ample evidence contained in the earlier comments of Alexicon and others that the impact of rural carriers recovering lost USF/ICC revenues from end users would result in rates that are well above those paid by urban users.[22] This would be in direct conflict with the very purpose of section 254 and the Universal Service Fund.

The most comprehensive data presented is taken from the State Members of the Federal State Joint Board on Universal Service utilizing data provided by NECA. One item of note is once again the difficulty of applying a 'one size fits all' formula to the tremendously variably situated rural carriers. Using a rate over 18 times the 'reciprocal compensation rate'[23] proposed in the NPRM and supported by large carriers such as Verizon resulted in a weighted mean cost increase to rural consumers of $11.77 but the 90th percentile increase was $25. Using the national average cost of $15.47[24] this would be a 76% increase as a mean.

The Commission's long standing policy has been to move from implicit to explicit subsidies. The Commission has also proposed a policy of unification and reduction of intercarrier compensation ("ICC"). As Alexicon has stated in its comments, there is a mechanism in place to

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[22] Comments of Alexicon Exhibit D & E; NECA Exhibit B; State Members of the Federal State Joint Board at pp101-115.

[23] Comments of the State Members of the Joint Board at pp 103 'NECA assumed that every carrier's reciprocal compensation rate was $0.0128, Verizon and others have noted that that default rate for reciprocal compensation is $0.0007 just over 5% of the rate NECA used.

[24] NPRM at ¶ 172

allow the Commission to progress towards these goals without harming either the rural end user or their carriers. Modifying the MAG shift adjustment to move traffic sensitive costs to ICLS while phasing in a modest increase in the SLC would be far more efficient and equitable a method to recognize the Commission's goals. Further, a modest SLC increase would recognize the greater interstate utilization of a multipurpose network and relieve some pressure on the fund. While SLC increases can and should offset some ICC and improve the USF base, the intrastate issues are nearly as variable between states as the Interstate issues are between carriers. The shift would move more cost from the intrastate jurisdiction and help transition this, but the impact on the States needs review.[25]

The concept of eliminating ICC is attractive, but there must be some balance in the market. Some ICC revenue requirement-based cost should stay in effect since it remains a requirement to originate and terminate all traffic presented. There is a fundamental need to recognize the incurrence of costs necessary to maintain and operate a network capable of meeting the challenges and needs inherent in broadband connectivity.

While not true today, it is probable that as non TDM services continue to grow there could present an incentive to maintain TDM for the ICC requirements. This can be alleviated somewhat by transitioning over time and would also be dependent on the cost assignment.
A large carrier has little incentive to negotiate with a small one, as the Commission noted in its recent Second Report and Order [26]and the variance between the 'average' carrier and a 'large' carrier is extreme. But at least one large price cap carrier recognizes that both rate of return and price cap companies should have an opportunity to replace all ICC revenue lost as a result of an ICC rate reform. [27]

Some of the underlying premises of ICC have changed, but not all of them and none have 'disappeared'. Alexicon agrees with the Rural Associations[28] and others that the path of reform needs to be a path, with 'checkpoints' and options for both regulators and regulated carriers. While IP is both popular and growing, it too is undergoing change as is the market it serves.

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[25] Comments of State Members of the Federal State Joint Board at pp121-125; Comments of NARUC
[26] Second Report and Order WC Docket 05-265, Adopted April 7,2011 Released April 7,2011 at ¶ 24
[27] Comments of Century Link April 18, 2011 Page 66
[28] Comments of NECA, NTCA, OPASTCO, and WTA at pp37-38

Corporate Expenses Are Necessary to Operate

The NRPM proposes to eliminate all corporate expenses without analysis of the relationship to operations. The network, whether POTS/Broadband/over DSL/fiber or even power lines requires management and oversight. Alexicon, like NECA, NTCA and concurring Associations,[29] has proposed extending the cap to all USF support mechanisms. This approach is much more rational as it will always be necessary to manage; incur accounting services; provide safety programs; provide short and long range planning; and the like in this industry. Broadening the cap to all USF funds would mitigate concerns of 'over allocation' in this regard.

Alexicon avidly disagrees with comments submitted by the Nebraska Rural Independent Companies, which state "Alternatively, the Nebraska Companies propose that the Commission consider imposing an overall cap on operating expenses. A cap on operating expenses would create a system of accountability for total expenses, as opposed to carving out restrictive limitations on corporate operations expenses."[30] Incorporating a suggested cap is analogous to stating that all ILECs in the nation operate exactly the same; purchase the same office supplies; operate the same equipment; have the same wage and salary requirements; have the same demographics; have the same cost of living; and so on. This absurd recommendation should be stricken from the record and discounted in its totality. Alexicon finds it amusing that this same commenter applauds RoR regulation, which utilizes cost-based metrics in rate making measures, as having a positive impact on broadband deployment in rural areas, yet provides a proxy model-based capping mechanism for capital expenditures using regression analysis and numerous times throughout their comments discounts the reliance on its own study.[31] Alexicon disagrees with others who have recommended a capping mechanism for capitalizing plant and equipment

[29] Comments of NECA, NTCA, OPASTCO, and WTA at pp. 11
[30] Nebraska Rural Independent Companies, pg. 15
[31] Pg. "17": "to *predict* outside plant capital expenditures; Pg. 18: "Unfortunately, this process resulted in the elimination of some valid data"; Pg. 19, para 2: "Since the data is ten years old…"; Pg. 20, para 4: "Consequently, sparsely populated rural areas can produce two different, yet equally incorrect, results…" and "to date, no solution has been found to resolve the GIS road mileage mismatch…"; Pg. 21: "Thus when the engineering mileage was compared to the GIS road miles derived from US Census "populated places" GIS data or visually estimated corporate town boundaries, there was a discrepancy."; Pg. 22, para 2: "Due to inaccuracies in estimating cable route miles and customer locations using public variables…"; Pg. 23: "…some states were not represented in the data set in proportion to the number of rate of return companies serving those states. Construction costs can vary greatly from state to state due to differences in the difficulty of construction resulting from geography, subscriber density, economic climate, weather, etc."

expenditures. This recommendation will have the ill effect of giving governmental authorities and policy makers, and not customers, the ability to dictate what infrastructure, timelines, and spending amounts will be allowed. This will most certainly stifle broadband deployment and cheat customers of their right to modernized broadband connectivity.

<u>Subsidizing Regulated Services with Non-Regulated Revenues is Not a Legal Option, nor Can Costs be Disregarded.</u>

Alexicon reiterates its original position in which the NPRM proposal to include non-regulated revenues to reduce ICC[32] is neither legal nor good policy. There are several legal precedents recognizing that non-regulated revenues, or even regulated revenues attributed to a separate jurisdiction, may not be used to subsidize a given jurisdiction.[33] Revenues, albeit regulated or non-regulated, have associated costs under the Generally Accepted Accounting Principles (GAAP) "matching principle." In fact, the Commission's CFR Part 32 USOA rules themselves are based upon the foundation of GAAP.[34] The current FCC "theoretical" proposal includes revenues without regard to any associated costs. While including non-regulated revenues may seem attractive, it is inequitable to impute only revenues as margins can and do vary widely as noted by the members of the Federal State Joint Board.[35] Furthermore, the Commission's CFR Part 64 rules state: "The Commission's rules for some time have forbidden carriers from "cross-subsidizing" non-regulated activities with revenues from regulated services or from allocating costs of non-regulated operations to regulated operations. In 1996, Congress enacted section 254 (k) of the Telecommunications Act of 1996, which prohibits carriers from subsidizing competitive services with non-competitive services."[36]

[32] NPRM, Appendix D, paragraphs 5 & 6
[33] Smith V. Illinois Bell Telephone Co., 282 U. S. 133, FPC V. United Gas Pipe Line Co., 386 U. S. 237
[34] CFR Part 32.1
[35] Comments of State Members of the Federal State Joint Board at pp.114
[36] Part 64, Brief History Section, "Allocation of Costs to Interstate for Regulated Activities"

III. RATE OF RETURN (RoR) REGULATION

The RoR System Is Successful

As noted by several commenters, including Alexicon, RoR regulation is working and has been successful in deploying broadband–capable networks in the rural markets[37]. The current NPRM proposes capping and reducing revenues generated from the current system (that has been proven to work well), which will inherently raise rates on the consumers that the Commission purports to protect. This would seem to be counterintuitive, conflicts with the NPRM,[38] and represents poor public policy judgment.

The Connect America Fund (CAF), as suggested, will cause harm rather than promote the expansion of broadband by reducing the support necessary for carriers to continue to deploy broadband and operate in a compliant and efficient manner while earning a reasonable return on investment. As one commenter stated, Interstate Access Support (IAS) for price-cap carriers and Local Switching Support & Safety Net Additive support for RoR carriers are important components of independent telephone company revenues.[39]

We reiterate that RoR is a successful form of regulation and has a proven track record of broadband deployment which cannot be said of the price cap framework. The National Broadband Plan has recognized that in rural and high-cost areas, price-cap carriers have not achieved the same broadband penetration as RoR companies.[40] Changing the existing regulatory regime concurrently with attempting to develop a new fund with new requirements clearly adds a level of uncertainty that has already undermined the very purpose of having the fund.

Alexicon has demonstrated that the proposed "cap and reduce" methodology would place rural carriers in a negative cash flow position within as little as two years.[41] While the telecommunications industry, including Alexicon, supports the concept of universal access to broadband, we cannot see how the Commission can find that it is in the public interest to risk the existing infrastructure during the interim period while the Commission is still in the earliest

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[37] National Exchange Carrier Association (NECA, NTCA, OPASTCO and WTA) pp 2
[38] NPRM ¶ 16
[39] Comments of Independent Telephone & Telecommunications Alliance April 18, 2011 page iv
[40] National Broadband Plan ¶ 141
[41] Alexicon comments, Exhibit E

stages of determining the structure and needs of the proposed CAF. It is for this reason that Alexicon has submitted a comprehensive alternative to the FCC for consideration.[42]

The proposals contained in this NPRM are frequently based on inaccurate or questionable assumptions regarding the substantial success of RoR carriers in the deployment of broadband.[43] Larger price cap carriers on the other hand represent roughly half of the unserved housing units.[44] The premature release of the first NOI/NPRM caused unpredictability within the rural telecommunications marketplace that has lingered to this day. Several commenters have noted that the proposed reductions would bankrupt them within just a few years. This runs counter to every aspect of the statute and its intent. To recap: for there to be a broadband network there must be a network operator, a concern shared by Federal State Joint Board in its comments.[45]

There is also an apparent disconnect in the analysis of how the support is distributed in that the current NPRM seems to assume that the "line" is what is supported[46]. This is not accurate or complete. What is supported via the various components of the high cost fund is the customer receiving benefit from the company that provides the service or line. This does not have a one-to-one ratio to line counts as Alexicon has previously noted and as the company-specific data of other commenters illustrates.[47]

There are necessary functions of the company representing common costs to all lines that are not incrementally reduced as services are terminated on individual lines. Nor does the obligation to maintain that line in a "service ready" condition go away. In some jurisdictions, it is even a requirement to maintain actual service on these lines via "soft" dial tone[48]. The concept of freezing support on a per-line basis ignores this reality and again disregards the service provider's obligations. Economies of scale and scalability have always been present for small companies lacking the customer base in which to spread common costs.

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[42] Notice of Ex Parte as filed on behalf of Alexicon by Greenberg Traurig May 9, 2011
[43] NTCA 2010 Broadband/Internet Availability Survey Report January 2011
[44] NBP p 141
[45] Comments of State Members of the Federal State Joint Board on Universal Service pp 86
[46] NPRM at ¶211 - 213
[47] E.g., Archie Macias, Wheat State Telephone; Bobby Williams, Millry Telephone; Dave Bier, Home Telephone Company in WC Docket No. 10-90 7-12-2010
[48] Soft Dial Tone refers to leaving a line active but only allowing access to 9-1-1

VI. WASTE AND INEFFICIENCY

<u>"Inefficiency"</u>

Based on the comments of both RoR carriers and Price Cap carriers regarding their levels of broadband deployment and given that both Congress and this Commission have recognized broadband access to be in the national interest, the inefficiencies presented in meeting those interests exist in the price cap incentives and recoveries[49], not in the inherent RoR incentives.[50] The fact that the inefficiency is not inherent in RoR regulation should not preclude some form of more refined reporting, perhaps via "Part 36 separations".[51] However, it is again counterproductive to remove support from the very carriers that are in fact progressing on the currently recognized national interest.

Alexicon points out that the existing USF high-cost program disburses funds efficiently for RoR ILEC's, requiring that costs be incurred prior to making support payments. While those carriers then depend on predictability in support levels in order to secure loans to fund broadband networks, others have also recognized the benefit of continuing this policy with the CAF. [52] Recognizing this fact should go a long way in dispelling the notion that there is a significant "race to the top" mentality with RoR carriers. With carriers financing and paying for networks before certain USF recovery payments begin, there is a significant incentive for logical capital investment in modern networks.

As Alexicon noted in its comments to the original NOI/NPRM, **"**once deployed, fiber will last 30 or more years and, due to its advanced technology, its cost to maintain is lower than copper plant. With the nearly limitless future capacity of fiber optic cable, it is the best long-term investment to meet the Act's "quality service" mandate outlined in Section 254(b)(1)."[53] Despite the obvious long-term benefits of fiber, at least one commenter[54] suggests that "requiring an

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[49] Comments of CenturyLink p. 6, AT&T p. 20-21; QWEST p. . 13, USTA p. . 13-14 in WC Docket No 10-90 7-12-10

[50] USTA p. 17-18; Alexicon p. 34; also see Argenbright & Kirkpatrick. in WC Docket No 10-90 7-12-10

[51] "Part 36 Separations" refers to the rules contained in 47 CFR 36 Jurisdictional Separations Procedures

[52] Comments of Independent Telephone & Telecommunications Alliance April 18, 2011 page 36

[53] Alexicon p. 14

[54] AT&T pp 65

incumbent to maintain two networks-one copper and one fiber-would be costly [and] possibly inefficient, and reduce the incentive for incumbents to deploy fiber facilities."[55] Yet Alexicon has observed its clients accomplish the deployment of copper and fiber simultaneously without additional burden by utilizing equipment designed solely for that purpose.[56] This is in fact the definition of efficiency as it allows for the sensible migration from copper that may have years of useful service remaining while transitioning to FTTx for Greenfield applications and copper replacement as it useful life is exhausted. Small rural RoR carriers have demonstrated the ability to adapt progressive solutions easier than larger, less flexible price cap carriers. This partially explains why small RoR carriers have been more successful at deploying broadband compared to their larger counterparts. Any conflict that may exist due to individual state carrier of last resort (COLR) requirements[57] should be addressed at that level, without discarding the numerous public interest benefits of maintaining COLR obligations.

The NPRM is largely focused on "least-cost" or "lowest cost"[58] but does not reference what time period this "cost" is to be realized. It bears noting that it is the total infrastructure that is being funded, not merely the technology. Wireline infrastructure supports the traditional PSTN; the broadband network (including but not exclusive to internet access); and the wireless network.

We would again urge the Commission to revisit its methodology of establishing "target speeds" in light of the network life cycles. It can take more than four years to upgrade even a fairly small network, yet the target speed is to be reviewed and modified every four years.[59] It is clear that at the very least the initial target speed should be greater than "the average actual download speed"[60] today given that this target speed is for some future date. It is clearly inefficient to set "target speeds" below the capability of technology that has been available since 2003[61]. While AT&T looks for reasons not to deploy broadband[62] by focusing on the number of people that can

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[55] NBP ¶49
[56] Calix C7 and others
[57] Comments of AT&T at pp61-63
[58] NPRM at ¶ 267, 422, 427, 444 and others
[59] NBP p. 135
[60] NBP p. 21
[61] ADSL2+
[62] AT&T pp 88

be cost-effectively provided services, small rural carriers are properly motivated to serve their constituents in a manner consistent with the principals of Universal Service.

CONCLUSION

Alexicon sincerely appreciates the opportunity to submit these comments in this most important proceeding. Alexicon applauds the Commission in its quest and agrees that broadband deployment should be the cornerstone of future telecommunications in all areas of the United States. Creating a stable, predictable, and sufficient financial model for rate-of-return carriers to assist the Commission with its long term goal of national broadband deployment[63] under the auspices contained in the NBP will undoubtedly push the United States to the top of world leaders in broadband connectivity.

Respectfully submitted,

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[63] NPRM Para's 3 and 4, generally